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**Slovenia**

**Hotel, Restaurant, and Institution (HRI) Sector**

**2000**

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## Market Summary

Rising standards of living coupled with less time for home cooking have resulted in growing consumption of food eaten away from home. The main beneficiaries of this trend have been fast food and catering companies. Conventional and some upper class restaurants are also doing well.

The overwhelming volume of products used by the HRI sector is purchased from domestic wholesalers, some of whom specialize in supplying this sector. In addition, direct purchases from producers are carried out. Few in the HRI sector import themselves, but buy mainly from neighboring countries. Direct imports from the U.S. are very small.

Food imports total around U.S.\$510 million. The major share comes from neighboring countries and Germany. Food imports show a rising trend.

Tourism is a highly seasonal but important economic factor in Slovenia. Each year in this country of 2 million population about 4.8 million overnight stays are recorded, of which foreign tourists represent 48%. The majority come from Austria, Italy and Germany, followed by other European countries. From countries outside of Europe, Americans are most represented. Tourist infrastructure is well developed, particularly in the main tourist areas.

## Number of Hotels and Restaurants by Type

### TYPES OF BUSINESS UNITS

	1994	1995	1996	1997	1998
Hotels	132	133	120	127	127
Boarding houses	20	26	16	49	28
Motels	12	13	12	10	9
Overnight accommodations	7	4	12	21	6
Camping sites	12	14	15	19	14
Tourist settlements	5	2	3	0	2
Restaurants, full service	148	138	132	182	129
Express restaurants	0	0	0	0	0
and self-service restaurants	21	26	24	27	23
Non-alcoholic restaurants	4	1	1	4	1
Student restaurants	2	5	1	3	5
Employer Cafeterias (open to the public)	41	46	47	77	40
Mountain huts	68	74	70	84	69
Company vacation facilities	14	12	14	14	11
Cafes	15	15	18	25	9
Night clubs	4	6	4	24	7
Inns and other catering business units (1)	518	553	668	n/a	731
Buffets	578	631	448	n/a	518
Confectioneries	22	24	29	34	24

1 Inns, bars, discotheques, cafes, taverns, pizza parlors, preparation and delivery of food to the door and other catering business entities are included.

**Turnover in hotels and restaurants by types of business**

(IN MILLIONS OF TOLARS - \$1 USD =  
about 220 SIT)

	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Hotels	24,300	26,940	29,122	36,049	262,470
Boarding houses	736	944	865	1,284	213,009
Motels	1,092	1,267	1,354	1,369	1,226
Overnight accommodations	68	56	52	124	271
Camping sites	471	550	605	709	1,453
Tourist Camps	1,764	2,065	2,039	n/a	32
Restaurants, full service	8,468	7,672	7,749	9,300	325,738
Express restaurants and self - service restaurants	2,375	2,997	2,203	2,020	19,246
Non-alcoholic restaurants	81	87	133	273	61
Student restaurants	88	110	67	192	267
Employer Cafeterias (open to the public)	2,123	3,134	2,784	4,482	85,422
Mountain huts	387	437	455	613	36,483
Company vacation facilities	137	80	153	244	98
Cafes	280	212	233	415	47,592
Night clubs	40	67	80	323	13,270
Inns and other catering business units (1)	8,056	11,709	12,466	39,750	4,563,273
Buffets	6,534	7,165	6,618	12,079	795,400
Confectioneries	566	806	841	762	7,180
<b>By types of tourist resorts</b>					
Ljubljana, the capital	10,016	11,616	11,882	16,912	13,487
Health resorts	7,958	996	8,500	12,269	12,488
Seaside resorts	7,033	7,325	7,943	11,730	10,600
Mountain resorts	6,887	5,951	6,720	10,338	8,702
Other tourist resorts	17,654	13,245	14,014	26,796	20,947
Other resorts	8,015	20,166	20,092	31,943	16,435
<b>By kinds of services</b>					
Beer	4,975	5,388	5,533	11,867	6,324
Wine	2,989	3,430	3,649	7,840	4,145
Brandy	644	660	673	1,069	639
Other alcoholic drinks	1,391	1,542	1,499	2,665	1,499
Fruit juices, concentrated	120	94	213	772	365
Other non-alcoholic beverages	3,966	4,637	4,669	9,102	5,449
Soda and mineral water	870	949	1,001	1,960	1,295
Food	24,195	28,502	28,904	43,578	33,359
Tea, coffee, milk and other beverages	2,147	2,710	3,010	5,500	3,738
Tobacco and matches	1,933	2,074	1,999	3,863	2,217
Other goods	595	762	684	934	811
Lodging	11,222	12,703	13,994	16,968	18,755
Other services	2,518	309	3,323	3,870	4,061

1 Inns, bars, discotheques, cafes, taverns, pizza parlors, preparation and delivery of food to the door and other catering business entities are included.

## Quantities of Beverages Sold in Hotels and Restaurants

(IN THOUSANDS OF LITERS)

	1994	1995	1996	1997	1998
Beer	16,251	14,417	12,805	25,738	12,003
Wine	4,098	3,905	3,410	7,563	3,273
Brandy	203	158	139	208	108
Other alcoholic drinks	468	385	310	529	251
Fruit juices, concentrated	243	389	488	1,127	665
Other non-alcoholic beverages	9,157	8,872	7,628	13,541	7,305
Soda and mineral water	4,096	3,797	3,347	6,390	3,514

## Raw materials used by hotels, restaurants, and other food preparation businesses

	Unit	1990	1993	1994	1995	1996
All sorts of meat (fresh and frozen)	MT	6,247	4,565	4,262	4,315	4,051
Dehydrated meat and sausages	MT	1,758	1,437	1,301	1,097	1,195
All kinds of tinned meats	MT	396	216	235	339	627
Fish, snail, crab, shell	MT	626	633	670	660	714
Edible fats	MT	84	43	58	65	45
Salad oil	MT	1,905	1,357	1,384	1,534	1,577
Milk (fresh and tinned)	1000 Liters	2,124	1,724	1,592	1,914	2,022
Eggs	1000 pieces	17,384	14,862	11,599	13,707	12,490
Butter, cream, cheese and margarine	MT	1,603	1,369	1,388	1,379	1,620
Potatoes	MT	7,017	5,014	4,168	4,204	3,926
Beans	MT	522	361	331	330	336
Apples	MT	661	498	479	431	529
Grapes	MT	71	59	63	64	80
Tropical fruits	MT	424	512	559	647	675
Other sorts of fruits (fresh and frozen)	MT	160	159	223	219	246
Vegetables (fresh frozen and tinned)	MT	6,373	4,904	2,793	5,275	6,402
Bread and biscuits	MT	7,262	494	4,605	4,841	4,989
Rice and pasta	MT	767	648	632	669	684
Sugar	MT	911	791	662	705	681
Coffee	MT	284	245	216	226	237

**Advantages and Challenges Facing U.S. Products**

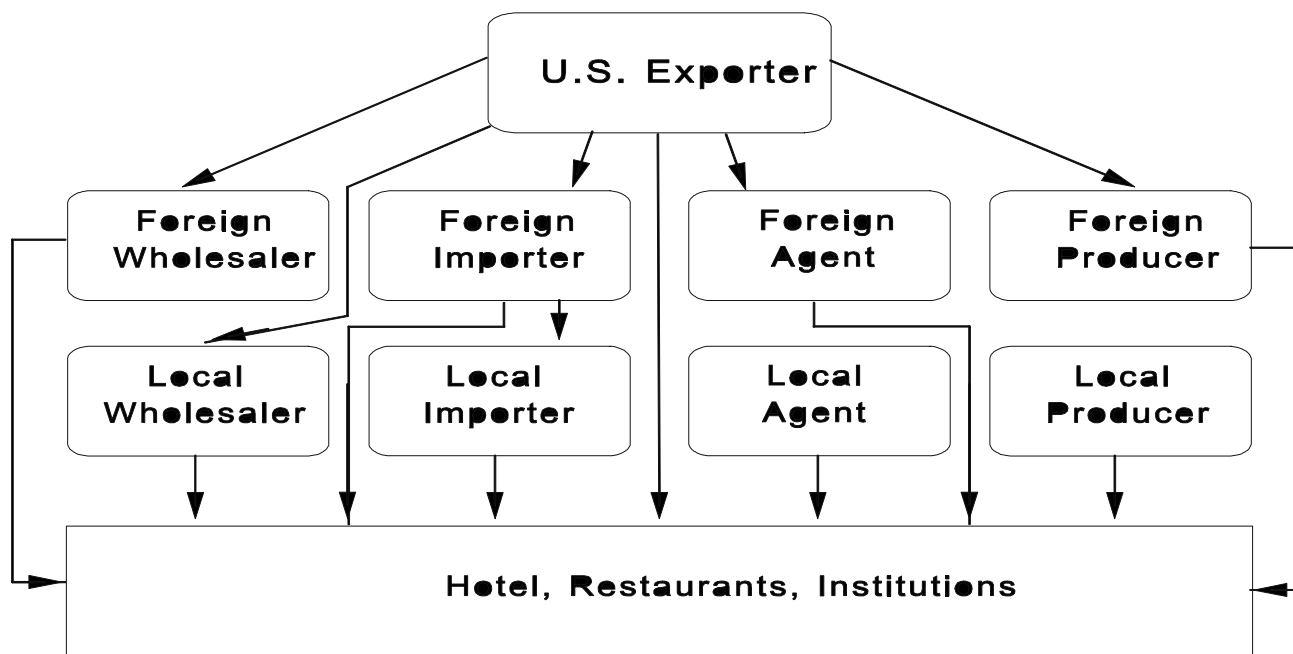
<b>Advantages</b>	<b>Challenges</b>
High quality of U.S. products	Unawareness of U.S. quality should be countered by market development measures.
Good image of certain products (dried fruits, tree nuts)	Higher prices of U.S. products.
Niche market for various products.	Compliance with strict food regulations..
Food imports are rising.	Import growth mainly benefits neighboring and EU countries.

**II. Road Map for Market Entry****A. Entry Strategy**

The most common way to establish business contacts with Slovene HRI firms is through wholesalers.

U.S. traders participating in food fairs have opportunities to invite Slovene traders and food purchasers of HRIs to their booths. One or more employees of the larger Slovene trade companies always attend the international food fairs in Cologne (ANUGA) and Paris (SIAL). In addition, the international wine fair in Ljubljana, the international food fair in Ljubljana (Alpe Adria Kulinarika), and the agricultural fair in Gornja Radgona are visited by Slovene food traders. As the above-mentioned fairs are large and close, Slovenians rarely bother to go to U.S. shows. U.S. products may also enter the Slovene market through agents with good relations to importers/wholesalers.

## HRI Distribution Channels



## B. Market Structure

In general, all large HRI firms buy through local importers, local wholesalers, cash-and-carry stores, and directly from local producers. Ability to deliver quickly is crucial.

Small HRI firms buy predominantly from wholesalers, cash-and-carry stores, and even large retailers, such as hypermarkets. Cash-and-carry stores sometimes offer delivery. Fresh products may be delivered directly from producers, such as dairy processors and farms. Certain catering companies and institutions get a large share of their product needs through a headquarters which buys centrally, but this HRI sector is still in development.

The wholesalers supplying HRI buyers include both standard food wholesalers and special wholesaler serving only HRIs. They provide local and imported products, and usually offer delivery. Direct imports are negligible.

## C. Sub-Sector Profiles

### 1. Hotels and Resorts

#### Hotel and Resort Company Profile

Name	Total Turnover (in 000 U.S. Dollars)	Number and Location of Hotels	Purchasing Agent
Intercontinental	2097.6	1 in Ljubljana	Wholesalers, producers, marginal imports
Best Western	1645.7	2 in Ljubljana and Maribor	Wholesalers, producer, marginal imports
Holiday Inn	Not available	1 in Ljubljana	Wholesalers, some producers
Austrotel	Not available	1 in Ljubljana	Wholesalers, producers

In addition to hotels belonging to international and national hotel chains, there are many hotels owned by individuals. Most hotel restaurants offer catering and party service.

This sector is rising in sophistication and is experienced in catering to international clientele. The developed tourist provinces of Primorska and Upper Carniola have the highest numbers of hotels. Another important tourist branch is medical tourism in spas which are located over all Slovenia. Tourism in Upper Carniola centers on winter sports and in Primorska on summer holiday travel. They tend to attract tourists from nearby European countries. In Ljubljana, the capital city, general tourism, business travel, and conventions play an important role throughout the year with peaks in summer. In general, tourism is recovering from a slump in 1991 – 1995 connected with fears of the war in Yugoslavia.

## 2. Restaurants

### a. Family Style Restaurants Company Profile

Chain restaurants, with the exception of fast food restaurants, are not present yet. The most important are small traditional ones which are raising the quality of their products and services. Ethnic restaurants have expanded considerably in the recent past, especially pizzerias, Italian and Chinese restaurants. There are now two Mexican restaurants in Ljubljana.

### b. Fast Food

Name	Turnover (in Million U.S. Dollars)	Number of Outlets	Purchasing Agent
McDonald's	6.2	15 all over Slovenia	Central purchase, wholesalers, producers, import
Dairy Queen	1.5	4	Central purchase, wholesalers, producers, import

A shortage of time for meals on workdays has resulted in a booming fast food market. The number of fast food outlets has grown considerably in recent years and comprises fast food in restaurants, bakeries, meat shops, pizza, and hot dog stands. Individual hot dog and traditional Turkish or Middle Eastern-style burek stands represent the largest share on the fast food market.

McDonald's is seeking to be present all Slovene cities.

## 3. Institutional Gastronomy

Company cafeterias under socialism were an integrated part of the firm. Increasingly, the company cafeteria has either been abandoned or sold to private operators. Companies are increasingly served by the developing catering sector. Private hospitals, nursing and retirement homes are starting to emerge, but so far they are negligible in number. Most existing nursing and retirement homes belong to municipalities and social security authorities. Existing hospitals are public institutions. Purchasing of foods and beverages of hospitals and nursing or retirement homes is usually carried out individually from wholesalers. Municipal hospitals and nursing or retirement homes buy long shelf life products centrally and fresh products individually. Schools serve meals cooked by themselves or from other schools and they buy individually from wholesalers and producers.

### Catering Company Profile

Catering is still developing but is becoming an integral part of the gastronomy sector. Continued outsourcing of company canteens and rising demand by institutions and individuals for catering

services will further increase the significance of catering companies.

In general, catering companies purchase needed raw material from wholesalers who also serve the retail food trade or directly from producers. Ready to eat meals are never imported but certain products needed for the dishes are. An overview of the catering sector is difficult to get, as catering firms are still grouped together statistically with other restaurants.

### **III. Competition**

The main competition for U.S. suppliers is the domestic food industry, followed by suppliers from EU countries. Austria, Italy and Germany in particular have strong food manufacturing industries, which can easily supply Slovenia with packaged and labeled products. Local and EU-produced products have the advantages of low shipping costs and reduced import duties.

The total value of 1998 food imports was about U.S. \$510 million. Due to long transportation time lags for U.S. commodities and the duty free imports from EU countries, the U.S. share is relatively small. According to FAO data, total U.S. agricultural exports to Slovenia amount to about \$30 million annually.

### **IV. Best Product Prospects**

#### **A. Products in the Market which have Good Sales Potential**

##### ***Rice***

Slovenia's rice requirement is met by imports which are fairly stable. The 1998 import value totaled about \$5.1 million, of which Italy supplied 71%, followed by China with 10. The U.S. share was 2% based on official statistics.

##### ***Fresh Fruits and Vegetables***

The value of annual fruit and vegetable imports is about U.S. \$119 million. Imports from overseas include mainly citrus fruits and tropical fruits which are not grown in the country. Among fresh fruits, there are some opportunities for U.S. citrus fruits.

#### **B. Products not Present Because they Face Significant Barriers**

In general imported food products in Slovenia face the same regulations and conditions as import into the EU. In the near future, the 'Law on Genetics' will pass the parliament and one of the articles requires the food containing genetically modified plants must be labeled.

##### ***Useful addresses***

Chamber of Commerce and Industry of Slovenia - Tourism, Hotels and Restaurants Association  
Secretary: Mr. Miro Pretnar  
Dimiceva 13  
SI – 1504 Ljubljana  
Slovenia  
Tel.: +386 61 18 98 229, 18 98 000

Fax: +386 61 18 98 200

[E-mail: Miro.Pretnar@gzs.si](mailto:Miro.Pretnar@gzs.si)

Ministry of Small Business And Tourism

Trubarjeva 11

2000 Maribor

Phone: +386 62 226 39 27

Slovenian Tourist Association

Miklosiceva 38

1000 Ljubljana

Phone: +386 61 312 087

Slovenian Tourist Board

Dunajska 156

1000 Ljubljana

Phone: + 386 61 18 91 850

Chamber of Commerce and Industry of Slovenia (CCIS)

Dimiceva 13

SI-1504 Ljubljana

Telephone: + 386 61 18 98 229, 18 98 000

Fax: + 386 61 18 98 100

Home page: <http://www.gzs.si/eng/index.htm>

Business Register: <http://www.gzs.si/ENG/busopp/register/index.htm>

Recipients of ISO 9001 or ISO 9002 in Slovenia: <http://www.inetia.com/iso/eng/content.htm>

SLO-EXPORT (Import/Export Directory of Slovenia): <http://www.gzs.si/sloexporta/default.htm>

BORZA (Business Opportunities Exchange system): <http://www.gzs.si/eng/borza/index.htm>

CCIS Publications: <http://www.gzs.si/ENG/publ/index.htm>

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